

**South Central Iowa Solid Waste Agency**

**Independent Auditor's Reports  
Basic Financial Statements and  
Required Supplementary Information  
Schedule of Findings**

**June 30, 2016**



## Table of Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-8
Basic Financial Statements:	<u>Exhibit</u>
Statement of Net Position	A 9
Statement of Revenues, Expenses and Changes in Net Position	B 10
Statement of Cash Flows	C 11
Notes to Financial Statements	12 -23
Required Supplementary Information	24
Schedule of the Agency's Proportionate Share of the Net Pension Liability	25
Schedule of Agency Contributions	26-27
Notes to Required Supplementary Information-Pension Liability	28
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	29-30
Schedule of Findings	31-32
Staff	33

## South Central Iowa Solid Waste Agency

### Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Trevor White	Chairperson	Poweshiek County
Craig Agan	Vice-Chairperson	Marion County
Mike Beary	Member	Monroe County
Larry Davis	Member	Lucas County
Rick Hurt	Executive Director	
Leslie Sedlock	Office Manager	

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Independent Auditor's Report

To the Members of  
South Central Iowa Solid Waste Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of South Central Iowa Solid Waste Agency as of and for the year ended June 30, 2016 and the related Notes to Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Central Iowa Solid Waste Agency as of June 30, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the Agency's Proportionate Share of the Net Pension Liability and the Schedule of Agency Contributions information on pages 4 - 8 and pages 25 - 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2016 on our consideration of the South Central Iowa Solid Waste Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the South Central Iowa Solid Waste Agency's internal control over financial reporting and compliance.

ROLAND & DIELEMAN



Certified Public Accountants

October 26, 2016

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## **Management's Discussion and Analysis**

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South Central Iowa Solid Waste Agency provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

### **2016 FINANCIAL HIGHLIGHTS**

- The Agency's operating revenues increased 3% , or \$109,636, from fiscal 2015 to fiscal 2016.
- The Agency's operating expenses were 10%, or \$310,709, more in fiscal 2016 than in fiscal 2015.
- The Agency's net assets increased 4%, or \$333,009, from June 30, 2015 to June 30, 2016.

### **USING THIS ANNUAL REPORT**

The South Central Iowa Solid Waste Agency is a single Enterprise Fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to South Central Iowa Solid Waste Agency's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.

The Statement of Net Position presents information on the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Agency's operating revenues and expenses, non-operating revenues and expenses and whether the Agency's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Agency's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Agency financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with the Agency's proportionate share of the net pension liability and related contributions.

## FINANCIAL ANALYSIS OF THE AGENCY

### Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Agency's financial position. The Agency's net assets for fiscal 2016 totaled \$9,695,280. This compares to \$9,362,271 for fiscal 2015. A summary of the Agency's net position is presented below.

Net Position		
	June 30,	
	2016	2015
Current assets	\$ 4,897,828	\$ 5,066,318
Restricted investments	3,472,128	3,084,662
Capital assets at cost, less accumulated depreciation	5,096,648	4,947,706
Co-op stock	254	254
Total assets	<u>13,466,858</u>	<u>13,098,940</u>
Deferred outflows of resources	<u>234,359</u>	<u>112,597</u>
Current liabilities	482,083	389,917
Noncurrent liabilities	<u>3,455,998</u>	<u>3,295,715</u>
Total liabilities	<u>3,938,081</u>	<u>3,685,632</u>
Deferred inflows of resources	<u>67,856</u>	<u>163,634</u>
Net position:		
Invested in capital assets, net of related debt	4,616,648	4,237,706
Restricted	3,324,725	2,578,535
Unrestricted	<u>1,753,907</u>	<u>2,546,030</u>
Total net position	<u>\$ 9,695,280</u>	<u>\$ 9,362,271</u>

The unrestricted portion of the Agency's net position (18%) may be used to meet the Agency's obligations as they come due. The amount invested in capital assets (48%, e.g., land, buildings, and equipment), less the related debt portion of net position are resources allocated to capital assets. The remaining net position (34%) is restricted for closure and postclosure care, tonnage fees due to the State of Iowa and revenue bond payments. State and Federal laws and regulations require the Agency to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure.



## Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received as gate fees from accepting solid waste and charges for recyclable items. Operating expenses are expenses paid to operate the landfill and transfer station and for off-site recycling services. Non-operating revenues and expenses are for interest income and interest expense. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the year ended June 30, 2016 and 2015 is presented below:

Changes in Net Position		
	Year ended June 30,	
	2016	2015
Operating revenue:		
Gate fees	\$ 3,593,444	\$ 3,448,993
Other operating revenues	49,763	84,578
Total operating revenues	<u>3,643,207</u>	<u>3,533,571</u>
Operating expenses:		
Salaries	820,897	694,610
Employee benefits	100,291	155,411
Machinery maintenance, labor and parts	100,880	93,134
Oil and gas	117,900	219,921
Long range planning and engineering	25,152	21,843
Site maintenance	27,161	34,013
Site utilities	25,781	34,396
Office expenses	49,310	40,871
Training and travel	10,099	2,817
Professional fees	6,772	6,100
Insurance	66,061	46,601
Closure and postclosure care costs	287,490	147,411
Iowa Department of Natural Resources tonnage fees	130,038	124,230
Depreciation	792,004	677,945
Disposal Fees	732,421	724,277
Monitoring and sampling	133,773	68,865
Education and grants	75,995	98,871
Total operating expenses	<u>3,502,025</u>	<u>3,191,316</u>
Operating income	<u>141,182</u>	<u>342,255</u>
Non-operating revenues (expenses):		
Interest income	140,670	174,195
Interest (expense)	( 15,129)	( 20,089)
Increase or (Decrease) in value of investments	66,286	( 107,330)
Net non-operating revenue	<u>191,827</u>	<u>46,776</u>

Change in net position	333,009	389,031
Net position beginning of year, as restated	<u>9,362,271</u>	<u>8,973,240</u>
Net position end of year	<u>\$ 9,695,280</u>	<u>\$ 9,362,271</u>

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in the net position at the end of the fiscal year.

In fiscal year 2016, operating revenues increased \$109,636, or 3%, primarily a result of gate fees increasing due to an increase in the volume of collections. Operating expenses increased \$310,709 or 10%. The increase was primarily a result of estimated closure and postclosure care increasing approximately \$140,000 and depreciation increasing approximately \$114,000.

In fiscal 2016, the Agency continued to operate both a Landfill and the Poweshiek Transfer Station.

SCISWA maintains two reserve funds - the Closure/Post Closure (Financial Assurance) Fund and the General Obligation (Capital Reserve) Fund. Both funds are held in conservative management investments.

The Closure/Post Closure (Financial Assurance) Fund is required by state code to contain a balance adequate to place the entire operation into immediate closure and to care for the site, including maintaining all environmental protections for at least 30 years thereafter. SCISWA's consulting engineer updates that cost estimate annually using a state-provided formula and in March 2016 calculated it at \$3,305,269. SCISWA ended FYE 2016 with a fund balance of \$3,452,672, which was \$387,466 more than the balance on June 30, 2015. SCISWA suspended all but minimal contributions to the fund in spring 2010.

SCISWA uses the General Obligation (Capital Reserve) Fund as its "savings account" to fund major capital expenditures that do not occur every year. As of June 30, 2016, the General Obligation (Capital Reserve) Fund held \$3,961,300, down \$180,582 from the balance at the end of the previous fiscal year.

There were major purchases and cell development in FYE 16 amounting to \$940,946.

#### *Statement of Cash Flows*

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash used by capital and related financing activities includes lease payments and the purchase of capital assets. Cash used by investing activities includes the purchase of certificates of deposit and interest income.

#### **CAPITAL ASSETS**

At June 30, 2016, the Association had approximately \$5,096,648 invested in capital assets, net of accumulated depreciation of approximately, \$4,944,510. Depreciation expense totaled \$792,004 for fiscal year 2016. More detailed information about the Agency's capital assets is presented in Note 3 to the financial statements.

## **LONG-TERM DEBT**

At June 30, 2016, the Agency had \$480,000 outstanding for a revenue note, a decrease of \$230,000 from June 30, 2015. Additional information about the Agency's long-term debt is presented in Note 4 to the financial statements.

## **ECONOMIC FACTORS**

The South Central Iowa Solid Waste Agency continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Agency officials. Some of the realities which may potentially become challenges for the Agency to meet are:

- Facilities and equipment at the Agency require constant maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- Annual deposits required to be made to closure and postclosure care accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.

The Agency anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Agency's ability to react to unknown issues.

## **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact South Central Iowa Solid Waste Agency, 1736 Hwy T 17, Tracy, Iowa 50256 or call 641-828-8545. Minutes of Agency Board meetings are posted on its website @ [www.sciswa.org](http://www.sciswa.org).

South Central Iowa Solid Waste Agency  
Statement of Net Position  
June 30, 2016

**Assets**

## Current assets:

Cash and cash equivalents	\$ 510,263
Investments	3,961,300
Receivables:	
Accounts	354,967
Grant	45,000
Prepaid insurance	<u>26,298</u>
Total current assets	<u>4,897,828</u>

## Noncurrent assets:

Restricted investments	3,472,128
Capital assets (net of accumulated depreciation)	5,096,648
Co-op stock	<u>254</u>
Total noncurrent assets	<u>8,569,030</u>

**Total assets**

13,466,858

**Deferral Outflow of Resources**

Pension related deferred outflows	<u>234,359</u>
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**Liabilities**

## Current liabilities:

Accrued expenses	34,504
Salaries and benefits payable	212,579
Revenue note - current portion	<u>235,000</u>
Total current liabilities	<u>482,083</u>

## Noncurrent liabilities:

Net pension liabilities	453,520
Revenue note- less current portion shown above	245,000
Landfill closure and postclosure care costs	<u>2,757,478</u>
Total noncurrent liabilities	<u>3,455,998</u>

**Total liabilities**

3,938,081

**Deferral Inflow of Resource**

## Unavailable revenues-

Pension related deferred inflows	<u>67,856</u>
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**Net position**

Invested in capital assets, net of related debt	4,616,648
Restricted for:	
Closure and postclosure care	3,305,269
Revenue note	19,456
Unrestricted	<u>1,753,907</u>

**Total net position**\$ 9,695,280

See notes to financial statements.

South Central Iowa Solid Waste Agency  
Statement of Revenues, Expenses and  
Changes in Net Position  
Year ended June 30, 2016

Exhibit B

Operating revenues:	
Gate fees	\$ 3,593,444
Other operating revenues	<u>49,763</u>
Total operating revenues	<u>3,643,207</u>
Operating expenses:	
Salaries	820,897
Employee benefits	100,291
Machinery maintenance, labor and parts	100,880
Oil and gas	117,900
Long range planning and engineering	25,152
Site maintenance	27,161
Site utilities	25,781
Office expenses	49,310
Training and travel	10,099
Professional fees	6,772
Insurance	66,061
Closure and postclosure care costs	287,490
Iowa Department of Natural Resources tonnage fees	130,038
Depreciation	792,004
Disposal fees	732,421
Monitoring and sampling	133,773
Education and grants	<u>75,995</u>
Total operating expenses	<u>3,502,025</u>
Operating income	<u>141,182</u>
Non-operating revenues (expenses):	
Interest income	140,670
Interest (expense)	( 15,129)
Gain on investments	<u>66,286</u>
Net non-operating revenues or (expenses)	<u>191,827</u>
Change in net position	333,009
Net position beginning of year	<u>9,362,271</u>
Net position end of year	<u>\$ 9,695,280</u>

See notes to financial statements.

South Central Iowa Solid Waste Agency  
Statement of Cash Flows  
Year ended June 30, 2016

Exhibit C

<b>Cash flows from operating activities:</b>	
Cash received from gate fees	\$ 3,505,588
Cash received from other operating receipts	4,763
Cash paid to suppliers for goods and services	(1,699,600)
Cash paid to employees for services	( 737,659)
Net cash provided by operating activities	<u>1,073,092</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchase of capital assets	( 940,946)
Net cash used by capital and related financing activities	<u>( 940,946)</u>
<b>Cash flows from investing activities:</b>	
Purchase of investments	( 206,884)
Payment on debt	( 230,000)
Interest received	140,670
Interest paid	( 15,129)
Gain on investments	66,286
Net cash used by investing activities	<u>( 245,057)</u>
<b>Net (Decrease) in cash and cash equivalents</b>	<b>( 112,911)</b>
<b>Cash and cash equivalents beginning of year</b>	<b><u>623,174</u></b>
<b>Cash and cash equivalents end of year</b>	<b><u>\$ 510,263</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 141,182
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	792,004
Closure and postclosure costs	287,490
Changes in assets and liabilities:	
(Increase) in accounts receivable	( 87,856)
(Increase) in grant receivable	( 45,000)
Decrease in prepaid insurance	7,853
Increase in accrued expenses	3,928
Increase in salary and benefits payable	83,238
Increase in deferred outflows	( 121,762)
(Decrease) in deferred inflows	( 95,778)
Increase in pension liability	107,793
Total adjustments	<u>931,910</u>
<b>Net cash provided by operating activities</b>	<b><u>\$1,073,092</u></b>

See notes to financial statements.

South Central Iowa Solid Waste Agency  
Notes to Financial Statements  
June 30, 2016

**(1) Summary of Significant Accounting Policies**

South Central Iowa Solid Waste Agency was formed in 1994 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is to operate the sanitary landfill in Marion County for use by all residents of Marion, Poweshiek, Lucas, and Monroe counties.

The Agency is composed of one representative from each of the four member counties.

The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, South Central Iowa Solid Waste Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Agency. South Central Iowa Solid Waste Agency has no component units which meet the Governmental Accounting Standards Board criteria.

**B. Basis of Presentation**

The accounts of the Agency are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**C. Measurement Focus and Basis of Accounting**

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of

related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Agency's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

The following accounting policies are followed in preparing the Statement of Net Position:

Cash, Investments and Cash Equivalents - The Agency considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Restricted Investments - Funds set aside for payment of closure and postclosure care costs and payment of revenue bonds are classified as restricted.

Capital Assets - Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Agency as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Buildings and improvements	\$ 25,000
Equipment and vehicles	5,000

Capital assets of the Agency are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	20-40
Equipment and vehicles	5-10

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the year ended June 30, 2016.



Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Compensated Absences - Agency employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Agency's liability for accumulated vacation has been computed based on rates of pay in effect at June 30, 2016.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on IPERS investments.

## **(2) Cash, Cash Equivalents and Investments**

The Agency's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Agency; prime eligible bankers acceptances; certain high rates commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statements No. 72.

**(3) Capital Assets**

Capital assets activity for the year ended June 30, 2016 is as follows:

	Balance Beginning Of Year	Increases	Decrease	Balance End of Year
Capital assets not being depreciated:				
Land and improvements	\$ 196,728			196,728
Capital assets being depreciated:				
Buildings and roads	856,319	38,929		895,248
Equipment and vehicles	8,134,047	1,063,372	( 248,238)	8,949,181
Total capital assets being depreciated	8,990,366	1,102,301	(248,238)	9,844,429
Less accumulated depreciation for:				
Buildings and roads	429,630	30,615		460,245
Equipment and vehicles	3,809,758	761,389	( 86,883)	4,484,264
Total accumulated depreciation	4,239,388	792,004	( 86,883)	4,944,509
Total capital assets being depreciated, net	4,750,978	310,297	( 161,355)	4,899,920
Total capital assets, net	\$ 4,947,706	310,297	( 161,355)	5,096,648

**(4) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	Revenue Note	Net Pension Liability	Total
Balance beginning of year	\$710,000	345,727	1,055,727
Increase		107,793	107,793
Decrease	230,000		230,000
Balance end of year	480,000	453,520	933,520
Due within one year	\$235,000	-----	235,000

**(5) Closure and Postclosure Care Costs**

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The Iowa DNR interpretation of the EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of compacted clay and twenty-four inches of rooting

material to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years. The Agency is closing portions of the landfill as they are fully filled and as a result incurring closure costs each year. However, the thirty-year postclosure period will not begin until all landfilling ends on the site.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the South Central Iowa Solid Waste Agency have been estimated at \$1,693,039 for closure and \$1,612,230 for postclosure, for a total of \$3,305,269 as of June 30, 2016, and the portion of the liability that has been recognized is \$2,757,478. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2016. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfills constructed operating cells is 3-5 years and the capacity used at June 30, 2016 is 90 percent.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Agency has accumulated resources to fund these costs and, at June 30, 2016, assets of \$3,305,269 are restricted for these purposes. They are reported as restricted investments in the Statement of Net Position.

Financial Assurance - The Agency has demonstrated financial assurance for closure and postclosure care costs as provided in Chapter 567-113 of the Iowa Administrative Code.

Total estimated costs for closure and postclosure care	\$	3,305,269
Financial assurance instruments		
Local Dedicated Fund	\$	<u>3,452,672</u>
Amount agency has restricted and reserved for closure and postclosure care at June 30, 2016	\$	<u>3,452,672</u>

Chapter 567-113.14(8) of the IAC allows the agency to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the agency is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

**(6) Transfer Station Closure Care**

To comply with state regulations, the Agency is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces that have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles that will remain on site, including the rinsing of all surfaces that have come in contact with solid waste, and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the Agency is required to maintain a closure account as financial assurance for the closure care costs. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a condition for the right to operate the transfer station.

The total closure care costs for the Agency as of June 30, 2016 have been estimated at \$29,600. The balance has been restricted and is fully funded at June 30, 2016.

**(7) Solid Waste Tonnage Fees Retained**

The Agency has established an account for restricting and using solid waste tonnage fees retained by the Agency in accordance with Chapter 455B.310 of the Code of Iowa.

**(8) Risk Management**

The Agency is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories; general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital.

Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's property and casualty contributions to the pool are recorded as disbursements from its operating funds at the time of payment to the pool. The Agency's contributions to the Pool for the year ended June 30, 2016 were \$33,118.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$2,000,000. Claims exceeding \$2,000,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Agency's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$4,831,818. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Agency's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Agency's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. The Agency does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the Agency's financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Agency also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Long-Term Debt**

The Agency has issued revenue notes for the construction of new cells. The original notes are for \$1,060,000 and \$1,125,000 with yearly payments as follows.

2017	\$ 235,000
2018	\$ 245,000

The interest rate is 2.19% paid semi-annually. One hundred percent of future net revenues have been pledged as collateral.

The Agency reserved net assets of \$19,456 as required by revenue note provisions.

**(10) Pension Plan**

Plan Description. IPERS membership is mandatory for employees of the Agency, except those covered by another retirement system. Employees of the Agency are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012, will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50 percent for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95 percent of covered payroll and the Association contributed 8.93 percent of covered payroll for a total of 14.88 percent.

The Agency's total contributions to IPERS for the year ended June 30, 2016 were \$107,603.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the Agency reported a liability of \$453,520 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the Agency's proportion was .009179 percent which was an increase of .0004 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Agency recognized pension expense of \$64,336. At June 30, 2016, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,852	\$
Changes of assumptions	12,487	
Net difference between projected and actual earnings on IPERS investments		67,856

Changes in proportion and differences between Agency contributions and the Agency's proportionate share of contributions	107,793	
Agency contributions subsequent to the measurement date	<u>107,227</u>	
Total	<u>\$ 234,359</u>	<u>\$ 67,856</u>

\$107,227 reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2017	\$11,855
2018	\$11,855
2019	\$11,855
2020	\$11,855
2021	\$11,856
	<u>\$59,276</u>

There were no non-employer contributing entities at IPERS.



**Actuarial Assumptions** - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rate of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00 percent per annum based on 3.00 percent inflation and 1.00 percent real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Asset Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Domestic Equity	24%	6.29
International Equity	16	6.75
Private Equity/Debt	11	11.32
Real Estate	8	3.48
Core Plus Fixed Income	28	2.04
Credit Opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(.71)
Total	<u>100%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and

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contributions from the Agency will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.5 percent) or 1 percent higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Agency's proportionate share of the net pension liability:	\$794,032	\$453,520	\$166,104

IPERS Fiduciary Net Position - Detailed information about the IPERS fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Required Supplementary Information

South Central Iowa Solid Waste Agency  
Schedule of the Agency's Proportionate Share of the Net Pension Liability

Iowa Public Employees's Retirement System  
For the Last Two Years\*

Required Supplementary Information

	<u>2016</u>	<u>2015</u>
Agency's proportion of the net pension liability	.009179	0.008447%
Agency's proportionate share of the net pension liability	\$453,520	\$345,727
Agency's covered-employee payroll	\$723,141	\$694,610
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	62.72%	49.78%
IPERS net position as a percentage of the total pension liability	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying independent auditor's report.

South Central Iowa Solid Waste Agency  
Schedule of the Agency Contributions

Iowa Public Employees's Retirement System  
For the Last Ten Years

Required Supplementary Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$64,336	56,160	50,940	47,363	50,444
Contributions in relation to the statutorily required contribution	<u>(64,336)</u>	<u>(56,160)</u>	<u>(50,940)</u>	<u>(47,363)</u>	<u>(50,444)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Agency's covered-employee payroll	\$723,141	628,891	570,437	546,286	625,081
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%	8.07%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
41,081 <u>(41,081)</u>	36,756 <u>(36,756)</u>	35,769 <u>(35,769)</u>	32,167 <u>(32,167)</u>	29,416 <u>(29,416)</u>
-	-	-	-	-
591,094	552,722	563,291	531,686	511,583
6.95%	6.65%	6.35%	6.05%	5.75%

South Central Iowa Solid Waste Agency

Notes to Other Information - Pension Liability

Year ended June 30, 2016

*Changes of benefit terms:*

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

*Changes of assumptions:*

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Members of South Central Iowa  
Solid Waste Agency:

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the South Central Iowa Solid Waste Agency as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, and have issued our report thereon dated October 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Central Iowa Solid Waste Agency's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Central Iowa Solid Waste Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Central Iowa Solid Waste Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the South Central Iowa Solid Waste Agency's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Central Iowa Solid Waste Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards.



Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of South Central Iowa Solid Waste Agency during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ROLAND & DIELEMAN

A handwritten signature in cursive script, appearing to read "Roland & Dieleman", written in dark ink.

Certified Public Accountants

October 26, 2016

South Central Iowa Solid Waste Agency  
Schedule of Findings  
Year ended June 30, 2016

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

None

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

South Central Iowa Solid Waste Agency  
Schedule of Findings  
Year ended June 30, 2016

**Other Findings Related to Required Statutory Reporting:**

- 1- Questionable Expenses - No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 2- Travel Expense - No expenditures of money for travel expenses of spouses of Agency officials or employees were noted.
- 3- Board Minutes - No transactions were found that we believe should have been approved in the Agency minutes but were not.
- 4- Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Agency's investment policy were noted.
- 5- Solid Waste Fees Retainage - No instances of non-compliance with the solid waste fees used or retained in accordance with Provisions of Chapter 455B.310 of the Code of Iowa were noted.
- 6- Financial Assurance - The Agency has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

	<u>Closure and Postclosure</u>
Total estimated costs for closure and postclosure care	\$ 3,305,269
Less: Balance of funds held in the local dedicated fund as of June 30, 2015	<u>3,065,206</u> 240,063
Required payment into the local dedicated fund for the year ended June 30, 2016	0
Balance of funds held in the local dedicated fund as of June 30, 2015	<u>3,065,206</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2016	\$ <u>3,305,269</u>
Amount Agency has restricted for closure and postclosure care at June 30, 2016	\$ <u>3,452,672</u>

- 7- Transfer Station - The Agency has demonstrated financial assurance for closure care costs of the transfer station.

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South Central Iowa Solid Waste Agency

Staff

This audit was performed by:

Roger Roland, CPA  
Royal Roland, CPA  
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